

FORM A
AMENDED STATEMENT REGARDING THE ACQUISITION OF
CONTROL OF OR MERGER WITH A DOMESTIC INSURER

Group Hospitalization and Medical Services, Inc.
and CareFirst BlueChoice, Inc.
(Domestic Insurers - To Be Acquired)

By

WellPoint Health Networks Inc.
(Acquiring Person)

Filed with the District of Columbia
Department of Insurance & Securities Regulation
and the Office of Corporation Counsel

Date: January 21, 2003

Notices and correspondence concerning this Form A Statement
should be addressed to:

David M. Funk
Ren L. Tundermann
Funk & Bolton, P.A.
Twelfth Floor
36 South Charles Street
Baltimore, MD 21201
Telephone: (410) 659-7700
Facsimile: (410) 659-7772

This Amendment No. 2 to the Form A Statement incorporates in its entirety the Form A Statement, along with exhibits thereto, filed on January 11, 2002, and the Revised Form A Statement, along with exhibits thereto, filed on August 19, 2002, except that matters specifically noted in this Amendment No. 2 will supersede information contained in the Form A Statement filed on January 11, 2002 and the Revised Form A Statement filed on August 19, 2002.

THIS INFORMATION IS PROVIDED IN CONNECTION WITH ITEMS 1, 4 AND 6.

On November 20, 2001, WellPoint Health Networks Inc. ("WellPoint"), CareFirst, Inc. ("CareFirst") and Congress Acquisition Corp. entered into an Agreement and Plan of Merger (the "Original Agreement") which provided for an immediately successive two step process: the conversion of CareFirst and its three non-profit, operating subsidiaries, from nonprofit to for-profit status, followed by the merger of Congress Acquisition Corp., a wholly-owned subsidiary of WellPoint, with and into CareFirst.

WellPoint and CareFirst have agreed to present to their respective Boards of Directors for approval on or before Friday, January 24, 2003 an Amended and Restated Agreement and Plan of Merger ("Amended Merger Agreement") between the two organizations. The proposed form of Amended Merger Agreement is attached to this Acquisition Statement as Exhibit 1-A1.1.

The principal changes from the Original Agreement include the following:

- The consideration for the transaction would be paid fully in cash (up to \$850 million of which could be raised in a WellPoint financing transaction) unless stock or other non-cash consideration is allowed under applicable law. Maryland law now provides that the consideration for the transaction must be all cash.
- The closing of the transaction would be conditioned on certain executive compensation plans and agreements with CareFirst executives being revised as provided in the Amended Merger Agreement. The revisions provide that at the closing of the transaction CareFirst's Merger Incentive Plan will be rescinded and that the Employment Agreements between CareFirst and its eight senior executives will be terminated. Those executives' participation in CareFirst's Long-Term Incentive Plan and its Supplemental Executive Retirement Plan would also be terminated. The executives would enter into two-year retention agreements with WellPoint at the closing of the transaction. (See Appendix J to Amended Merger Agreement for form of Retention Agreement and Summary of CareFirst Senior Executive Post-Merger Compensation.) The executive payments would not be made by any licensed insurance entity in Maryland, the District of Columbia or Delaware but would instead be borne by WellPoint itself. The specifics of these revisions are included as part of the Amended Merger Agreement.

- For a 60-day period following the signing date of the Amended Merger Agreement, WellPoint would waive any termination or breakup fee payable by CareFirst (except for reimbursement of certain expenses) if CareFirst accepts a superior proposal from another party. WellPoint would retain its right to match any other proposal.
- As a result of these changes, the consideration payable would be increased by \$70 million to \$1,370,000,000.

WellPoint and CareFirst believe that these changes eliminate the issues raised by the consultants to the Maryland Insurance Administration regarding the appropriateness and legality of the CareFirst compensation programs and the form of the consideration payable under the Original Agreement. As a result, the focus of the discussion now can be on the benefits of this transaction to the citizens of Maryland, Delaware and the District of Columbia, including the opportunities for improved health care services and for a substantial financial return to these jurisdictions which can be used for health care and other purposes.

ITEM 12. EXHIBITS.

List of Exhibits.

Exhibit Reference	Description of Exhibit
<u>Exhibit 1-A1.1</u>	Amended and Restated Agreement and Plan of Merger between WellPoint, CFAC and CareFirst

ITEM 13. SIGNATURE AND CERTIFICATION.

SIGNATURE

Pursuant to the requirements of Section 31-703 and 31-3427 of the D.C. Code Annotated, WellPoint Health Networks Inc. has caused this application to be duly signed on its behalf in the City of Thousand Oaks and State of California, on the 21st day of January, 2003.

WellPoint Health Networks Inc.

(SEAL)

By: Thomas C. Geiser
Thomas C. Geiser
Executive Vice President,
General Counsel & Secretary

Attest:

Robert A. Kelly
(Signature of Officer)

ASSISTANT SECRETARY
Title

CERTIFICATION

The undersigned deposes and says that he has duly executed the attached application dated January 21, 2003, for and on behalf of WellPoint Health Networks Inc., that he is the Executive Vice President, General Counsel and Secretary of WellPoint Health Networks Inc. and that he is authorized to execute and file such instrument. Deponent further says that he is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of his/her knowledge, information and belief.

Thomas C. Geiser
Thomas C. Geiser

Date: January 21, 2003